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Governments' Role in Wood Promotion
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Summary

In market economies the production of goods, their distribution and prices are primarily determined by market mechanisms, which is the interaction of factors like free market access, decentralised planning, private property and competition. The role of governments is limited to actions, correcting socially undesired results, such as the creation of monopolies or distorting income disparities. Government interventions have to follow the principle of market conformity and usually cover areas, which could not be sufficiently performed by private initiatives, such as structural policies or education. In which ways and to what extent states intervene and invest in the market place is a question of highest political nature and differs greatly from country to country and in different parts of the world.

Given the situation, that wood is produced and processed under market economy conditions, there are limitations but at the same time innumerable possibilities for government activities to promote the use of wood. Approaches and measures have to be designed according to specific country situations, there is no universal solution. Based on experiences made in Austria, a country with high forest cover and an export oriented forest industry, general considerations are made and

practical examples are given concerning government activities to stimulate and promote the sound use of wood.

An appropriate legal, institutional and financial framework is a precondition to be provided and improved over time through governments. This framework is the basis for sustainable forest management, and therewith for raw material supply from a renewable resource in a long term run. It constitutes the basis for wood oriented research, education, training and innovation. It includes legislation, taxation, subsidising, industrial and rural development, and public procurement policies in a way that fosters consumption and eliminates discrimination of wood compared to other materials. An important role play overall sustainable development strategies, guiding policies towards the integration of environmental concerns in all areas of policy and economy. They should fully recognise the value of renewable resources and therewith help to translate the environmental advantages of wood production and consumption into market competitiveness.

Key words: market economy, sustainable development, forest policy, forest economics, wood production, sustainable forest management
